

# Fiscal Note

*Fiscal Services Division*



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**SF 475** – Education Omnibus (LSB1489SV.2)

Analyst: Jocelyn Gerrietts (Phone: (515)725-2249) ([jocie.gerrietts@legis.iowa.gov](mailto:jocie.gerrietts@legis.iowa.gov))

Fiscal Note Version – As amended and passed by the Senate

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## **Description**

[Senate File 475](#) makes a variety of changes to the Iowa Code regarding education. Of the seven divisions of the Bill, two will have a fiscal impact, two may have a fiscal impact but the extent of fiscal impact is indeterminable, and three are expected to have little or no fiscal impact.

- Fiscal impact: Divisions II, IV
- Possible, but indeterminable fiscal impact: Divisions I, V
- Little or no fiscal impact: Divisions III, VI, VII

The two divisions that are expected to have a fiscal impact relate to career and technical education classes and the creation of an Area Education Agency (AEA) review task force. The costs of Division VI, which creates a biliteracy seal for high school graduates showing proficiency in a second language, may be offset by a nominal fee that the Department of Education is permitted to charge for the production of the seal.

## **Divisions I and V**

### **Background**

Divisions I and V both pertain to various provisions regarding online education. Division I rescinds the limitations on the number of students statewide enrolled in and receiving their education through a primarily online method. It also requires that the State Board of Education adopt rules for school districts using online curriculum regarding online course content, and to ensure that the content is aligned to Iowa Core standards.

Division V creates a provision that the resident district of an open-enrolled student may retain no more than 15.0% of the State cost per pupil of the previous year for the purpose of covering the cost of the student participating in a cocurricular or extracurricular activity at the student's district of residence. The district must consider the complete prorated cost for the student's participation in the activity and may charge whichever is lesser – 15.0% or the prorated cost of the activity. For FY 2018, 15.0% of the cost per pupil would be \$988.65. This provision will also affect districts that have students who are open-enrolled for the purpose of receiving online education, who are included in this section.

### **Assumptions**

It is not possible to determine how many districts may choose to offer open enrollment online, or at what cost, as districts will be able to contract with both private and public institutions. It is not possible to determine how many students open enrolling may choose to return to their resident district for the purpose of cocurricular or extracurricular activities.

### **Fiscal Impact**

It is not possible to determine the fiscal impact to schools of Divisions I or V. There is not expected to be a fiscal impact to the State for either Division.

## **Division II**

### **Background**

Division II of SF 475 relates to concurrent enrollment in community college classes and creates an exception to the “supplement not supplant” requirements under Iowa Code section [257.11](#) for one or more career and technical education (CTE) classes falling under a single technical educational area. For example, if a school district offers both a series of agriculture classes and a series of nursing classes, only one will be eligible for weighting. Currently, a school district may contract with a local community college to offer CTE, math, liberal arts, and science courses, which generates supplementary weighting in the school aid formula aimed at covering part of the cost of those classes. CTE classes offered under these agreements are not eligible for supplementary weighting if they are supplanting other courses required under Iowa Code section [256.11](#). Under this Division, if the class is supplanting an “offer and teach” required class, it will be eligible for supplementary weighting, generating funds for schools within the school aid formula, if the class has more than five students enrolled and the school district has fewer than 600 students enrolled and meets all other requirements.

### **Assumptions**

- School districts currently offering CTE classes will, when available and appropriate, supplant an “offer and teach” required class with a CTE class to generate supplementary weighting. Using the most recent available data, there are 41 courses across 26 school districts that could be eligible.
- For FY 2019 there may be classes which currently have four or five students enrolled that will have increased enrollment to meet the threshold of six enrollees. For estimation purposes, between 8 and 14 five-student classes and 5 and 10 four-student classes reaching the threshold are included on the table below.
- Of school districts that do not currently have a CTE agreement, there are 24 that are close enough (within a 30-minute drive) to a community college center to possibly start an in-person CTE class by FY 2019. For FY 2019, 10 to 14 new classes are included in the estimation for **Table 1** below.
- School districts that do not currently have CTE concurrent enrollment classes will most likely be unable to start new school district campus CTE classes before FY 2020. This is due to the implementation time needed to have the materials, curriculum, and staff in place to meet the requirements of those agreements.
- In FY 2020, up to 49 more school districts could be eligible than the previous year. For estimation purposes, between one-quarter and one-third will begin CTE concurrent enrollment classes.

### ***Calculations***

- School districts will not be able to participate until FY 2019, as their enrollment information for FY 2018 has already been certified by the Department of Education.
- State cost per pupil (SCPP) is set at \$6,664 per student, and district cost per pupil is used when applicable and available.
- Property tax replacement payment (PTRP) is set at \$83 per student.
- Weighting is applied as appropriate to the type of class, at a rate of either 0.70 or 0.46. The average enrollment of eligible CTE classes is six. Weighting is prorated to reflect the portion of the school day required by the class via an FTE weighting. The average FTE of eligible classes is 0.054 and ranges from 0.012 to 0.10. Supplemental weighting is generated by multiplying weighting by enrollment by FTE.

- Using 0.70 weighting and all other averages, an average class generates 0.2268 weights, at a cost of \$1,341 in State aid. Total generated funding is \$1,511.

### **Fiscal Impact**

There is no fiscal impact of Division II in FY 2018 because school districts have already submitted their concurrent enrollment counts for their FY 2018 budgets. In FY 2019, the new CTE exception may generate up to \$146,949 for schools that already have CTE agreements through supplementary weighting in the school aid formula. This amount includes State aid (\$129,419) and property taxes. This is the maximum possible amount that may be generated for those school districts, and the total amount generated may be lower if all school districts do not participate. The table below reflects 90.0% of classes utilizing the supplanting option as the minimum for FY 2019. FY 2020 includes an additional one-quarter to one-third of school districts creating new CTE concurrent enrollment agreements.

**Table 1 – Estimated State Aid Change**

	FY 2018	FY 2019		FY 2020	
		<i>Est. Low</i>	<i>Est. High</i>	<i>Est. Low</i>	<i>Est. High</i>
Classes As Reported, Most Recent Data	\$ 0	\$ 116,477	\$ 129,419	\$ 147,327	\$ 180,388
Include 5 Student Classes	N/A	10,730	18,778	N/A	N/A
Include 4 Student Classes	N/A	6,706	13,413	N/A	N/A
New Classes	N/A	13,413	18,778	16,431	21,689
<b>Estimated Total</b>		<b>\$ 147,327</b>	<b>\$ 180,388</b>	<b>\$ 163,758</b>	<b>\$ 202,077</b>

## **Division III**

### **Background**

In 2007 and 2008, the General Assembly enacted requirements that parents have their children's dental (2007) and vision (2008) health screened before their children begin attending school. These requirements were updated in 2013. This Division of the Bill creates a working group to review the best practices for implementing necessary student health screening while reducing administrative requirements on school districts.

### **Assumptions**

The working group will be made up of 18 representatives from nine stakeholder organizations, who will be selected by their respective entities.

### **Fiscal Impact**

The Department of Education and the Iowa Department of Public Health report that due to budgetary restrictions, they do not plan to offer mileage reimbursement or lunches for the working group's meetings. Due to this, there is not expected to be a fiscal impact.

## **Division IV**

### **Background**

Iowa's AEAs were established in 1974 as a means of identifying and serving children requiring special education services. Since then, the duties of the AEAs have expanded to include general school district support, such as school and community planning, professional development, and curriculum, instruction, and assessment evaluation. This Division of the Bill creates a 26-member AEA Review Task Force to review AEA essential services and provide a

report to the General Assembly no later than November 17, 2017. The Division specifies Task Force membership and committee charge.

### **Assumptions**

Assumptions include:

- The task force will be made up of 26 members from various stakeholder groups across the State, including four legislators who will receive per diem.
- There will be five meetings of the task force.
- Lunch will be provided for members at the meetings.
- Mileage will be paid to non-State employee members at a rate of \$0.39 per mile, and these members will travel an average of 50 miles to the meetings.
- Department of Education staff time is not included in the estimate.

### **Fiscal Impact**

Estimated total cost of the task force is \$6,315. Division IV tasks the Department of Education with providing support and staffing the task force, as well as providing four members.

### **Fiscal Impact – All Divisions**

**Table 2** outlines every Bill Division's known fiscal impact. For FY 2018, the Bill results in a net increase in expenditures by Departments of an estimated \$6,315. In FY 2019, the beginning of eligibility of CTE classes for supplementary weights results in an estimated net increase in General Fund expenditures via school State aid between \$116,477 and \$180,388.

**Table 2 – Estimated Fiscal Impact of All Divisions, General Fund**

<b>Division</b>	<b>Provision</b>	<b>Fiscal Impact - FY 2018</b>	<b>Fiscal Impact - FY 2019</b>
I	Online Education, Open Enrollment	Fiscal impact cannot be determined	Fiscal impact cannot be determined
II	Concurrent Enrollment, CTE Exception	No expected fiscal impact	Increase, estimated \$116,477 - \$180,388
III	Student Health Working Group	No expected fiscal impact	Not applicable
IV	AEA Task Force	Increase, \$6,615	Not applicable
V	Open Enrollment, Extracurricular Activity Fee	Fiscal impact cannot be determined	Fiscal impact cannot be determined
VI	Department of Education - Biliteracy Seal	No expected fiscal impact	No expected fiscal impact
VII	Limitation on Department of Education Guidance	No expected fiscal impact	No expected fiscal impact
<b>Total Estimated Impact</b>		<b>\$ 6,615</b>	<b>\$116,477 - \$180,388</b>

**Sources**

Department of Education

Department of Public Health

LSA analysis and calculations

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/s/ Holly M. Lyons

April 3, 2017

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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